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April 23, 2003

BY COURIER

Ms. Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd floor
Boston, MA 02110

Re: D.T.E. 99-60 - Fitchburg Gas and Electric Light Company, Default
Service Tariff Filing M.D.T.E. No. 102 for June 2003 – November 2003

Dear Ms. Cottrell:

Fitchburg Gas and Electric Light Company ("FG&E") hereby submits an original and 9 copies of Tariff Sheet No. 102 to implement FG&E's revised Default Service prices, effective June 1, 2003. The tariff sheet incorporates the new prices in both redlined and final version. Also enclosed is a check in the amount of \$15.00 for the required filing fee. The results of FG&E's Request for Proposals ("RFP") are being filed with the Department today under separate cover. The RFP sought fixed monthly pricing for two groups of customers: residential and small general service customers and regular and large general service and outdoor lighting customers. FG&E also required suppliers to provide Renewable Energy Certificates that comply with the Renewable Energy Portfolio Standards that were effective on January 1, 2003 such that FG&E can demonstrate compliance with 225 CMR 14.00.

FG&E has used the same methodology applied to the winning bids for calculating retail rates as was used in its Default Service rate filing made with the Department on October 18, 2002 and approved on October 28, 2002. The proposed rates are summarized in Attachment 1, Page 1. As shown, the Variable Monthly Pricing Option charges differ by class and by month (for residential and small general). The Six-Month Fixed Pricing Option charges vary by class. Attachment 1, page 2 demonstrates the calculation of both the variable and fixed charges. The

fixed charges are equal to the retail variable charges weighted by monthly kWh sales percentages based on a forecast of monthly kWh sales.

Attachment 1, page 2, shows the kWh sales forecast at the bottom of the page. The percentages shown on lines 7-10 are the ratios of the monthly amounts to the totals for the period June 2003 – November 2003. Consistent with prior filings, FG&E has continued to assume equal monthly usage as representative of expected usage patterns for the large general service class due to limited participation under Default Service in that class. Although participation has grown to 6 customers as of March 2003 (there were 5 customers as of the April 6, 2001 filing), the Company still considers this a limited amount of customers and the addition or subtraction of a single customer could significantly impact the monthly weighting of sales. In addition, each of these customers is currently receiving default service under the Variable Monthly Pricing Option.

These proposed rates represent a bill increase to a 500 kWh typical residential customer on the Fixed Monthly Pricing Option of \$9.78 per month, or a 15.6 percent increase versus rates currently in effect (see Attachment 2, page 1 of 18). The current rate under the Fixed Monthly Pricing Option is \$0.04912 per kWh for residential customers. The proposed rate, based on the RFP for the period June 2003 through November 2003, is \$0.06867 per kWh. Bills to regular and large general service customers will increase from 7.6% to 23.9% depending on usage and rate class. A complete set of bill impacts is attached as Attachment 2, pages 1 through 18.

The proposed Default Service rate is higher than both FG&E's current and May 1 proposed Standard Offer Service rates (including the Department approved Fuel Adjustment). Therefore, low-income customers will be moved from Default Service to Standard Offer Service effective June 1, 2003. Low income customers will then remain on Standard Offer Service until such time as the Default Service rate once again becomes the lowest priced generation service. The current Standard Offer Service rate is \$0.05360 per kWh and the May 1 proposed rate is \$0.05602 per kWh while the proposed fixed Default Service rate for residential customers is \$0.06867 per kWh. A 500 kWh low income bill will increase \$3.45 or 7.2% on June 1 comparing June 1 proposed SOS rates versus current default service rates (see Attachment 2, page 2 of 18).

FG&E will continue to notify customers of the changes in the default service rates in compliance with the Order in DTE 99-60-C using notices developed in conjunction with the default service education working group and the Department's Consumer Division. FG&E will also post its approved rates on its website and make them available via a toll free number at least 30 days in advance of June 1, 2003.

Pursuant to the Motion for Protective Treatment filed today under separate cover, FG&E seeks to protect from public disclosure the wholesale prices bid in response to its RFP. Accordingly, FG&E is providing redacted versions of Attachment 1 which do not disclose the

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wholesale prices, and two copies of the complete schedules for which it seeks protective treatment with the hearing officer.¹

Please contact me should you have any additional questions on this matter.

Very truly yours,



Meabh Purcell
Counsel for Fitchburg Gas
and Electric Light Company

cc: Paul Afonso, General Counsel, Department of Telecommunications and Energy
Ronald LeComte, Director, Electric Power Division
Kevin Brannelly, Director, Rates and Revenue
Sean Hanley, Assistant Director, Rates and Revenue
Jeanne Voveris, Esquire, Hearing Officer
Barry Perlmutter, Department of Telecommunications and Energy
Alexander Cochis, Asst. Attorney General (2)
David O'Connor, Commissioner, Division of Energy Resources
Robert Sydney, General Counsel, Division of Energy Resources
David McKeehan, President, No. Central Mass. Chamber of Commerce
D.T.E. 99-60 Service List

BS88308

¹ FG&E is also providing a complete copy of the filing to the Attorney General and the Division of Energy Resources, with whom FG&E has entered into Nondisclosure Agreements for this proceeding.